

AMENDED IN ASSEMBLY AUGUST 20, 2010

AMENDED IN ASSEMBLY AUGUST 16, 2010

AMENDED IN ASSEMBLY AUGUST 2, 2010

SENATE BILL

No. 1072

Introduced by Senator Calderon

February 17, 2010

An act to amend Section 19605.73 of, *and to add Section 19642.1 to*, the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1072, as amended, Calderon. Horse racing: statewide marketing organization.

(1) Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Existing law requires the marketing organization to annually submit to the California Horse Racing Board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing. ~~A specified percentage~~ 0.4% of the amount handled by each satellite wagering facility is required to be distributed to the marketing organization for the promotion of thoroughbred and fair horse racing, and to defray the cost of workers' compensation insurance, as specified. Existing law repeals these provisions on January 1, 2011.

This bill would extend the operation of these provisions until January 1, 2014, when they would be repealed. *The bill would specify that its provisions allowing for the formation of a private statewide marketing association applies to thoroughbred racing associations, fairs, and the organization for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings. The bill would specify that the marketing and promotion activities that the marketing organization may engage in includes, but is not limited to, the establishment and maintenance of an Internet Web site, players incentive programs, and the funding of promotional activities at satellite wagering facilities.*

This bill would change the amount to be distributed to the marketing organization for the promotion of thoroughbred and fair racing from an amount equal to 0.4% of the amount handled at each satellite wagering facility to an amount not to exceed 0.25%, and would delete the provision allowing for the funds to be used to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. The bill would require that the initial distribution be 0.2% of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only and would allow the board to adjust this amount to an aggregate of 0.25% of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only.

The bill would, with respect to the statewide marketing and promotion plan, instead require the marketing organization, by November 1 of each year, to submit a written report to the board on the statewide marketing and promotion plan for the upcoming calendar year, and would additionally require the marketing organization to annually present to the board at the board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming calendar year. ~~The bill would specify that the workers' compensation defrayal plan is to be submitted to the board by November 1 of each year.~~ The bill would delete the requirement that the marketing organization submit to the board a thoroughbred trainers' workers compensation and defrayal plan. The bill would also require the marketing organization to ~~semiannually~~ quarterly submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous ~~6~~ 3 months.

(2) Existing law authorizes the board, in performing its responsibilities, to participate in the affairs of associations having as their purpose the interchange of information relating to racing law

enforcement, the licensing of horse racing participants, the registration of race horses, the tabulation, analysis, and publication of statistical information based on parimutuel handles and the distribution of proceeds, and to conduct research regarding horse racing accidents, and the detection of drugs on race horses, among other things.

This bill would provide that, in addition to certain specified distributions, an amount not to exceed 0.05% of the total amount handled by each satellite wagering facility shall be distributed to a nonprofit organization designated by the board for the purposes of maintaining a database of horse racing information to further the purposes of the above provision. The bill would state that the amount distributable to the nonprofit organization may be adjusted by the board, in its discretion. The bill would require the nonprofit organization to submit an annual budget and file quarterly financial statements with the board.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19605.73 of the Business and Professions
2 Code is amended to read:
3 19605.73. (a) ~~Racing~~Thoroughbred racing associations, fairs,
4 and the organization responsible for contracting with *thoroughbred*
5 racing associations and fairs with respect to the conduct of racing
6 meetings, may form a private, statewide marketing organization
7 to market and promote thoroughbred and fair horse racing, ~~and to~~
8 ~~obtain, provide, or defray the cost of workers' compensation~~
9 ~~coverage for stable employees and jockeys of thoroughbred~~
10 ~~trainers. The organization~~ including, but not limited to,
11 *establishment and maintenance of an Internet Web site featuring*
12 *California thoroughbred and fair racing, the establishment and*
13 *administration of players incentive programs for those who wager*
14 *on thoroughbred association and fair races, and promotional*
15 *activities at satellite wagering facilities to increase their attendance*
16 *and handle. While the promotional activities at satellite wagering*
17 *facilities shall be funded by the marketing organization, they shall*
18 *be implemented and coordinated by representatives of the satellite*
19 *wagering facilities and the thoroughbred racing associations or*
20 *fair then conducting a live race meet. The organization shall consist*

1 of the following members: two members, one from the northern
2 zone and one from the combined central and southern zones,
3 appointed by the thoroughbred racetracks; two members, one from
4 the northern zone and one from the combined central and southern
5 zones, appointed by the owners' organization responsible for
6 contracting with associations and fairs with respect to the conduct
7 of racing meetings; and two members, one from the northern zone
8 and one from the combined central and southern zones, appointed
9 by the organization representing racing and satellite fairs.

10 (b) The marketing organization formed pursuant to subdivision
11 (a) shall, by November 1 of each year, submit a written report to
12 the board on a statewide marketing and promotion plan for the
13 upcoming calendar year, ~~and shall, by November 1 of each year,~~
14 ~~submit to the board a thoroughbred trainers' workers' compensation~~
15 ~~defrayal plan, for thoroughbred and fair horse racing that~~
16 ~~encompasses all geographical zones in the state, and which includes~~
17 ~~the manner in which funds were expended in the implementation~~
18 ~~of the plan for the previous calendar year.~~ In addition, the
19 organization shall annually present to the board at the board's
20 November meeting a verbal report on the statewide marketing and
21 promotion plan for the upcoming calendar year. The plan shall be
22 implemented as determined by the organization. The organization
23 shall receive input from all interested industry participants and
24 may utilize outside consultants ~~in developing the annual marketing~~
25 ~~plan.~~

26 (c) In addition to the distributions specified in subdivisions (a)
27 and (b) of Section 19605.7, ~~and in Sections subdivisions (a) and~~
28 ~~(b) of Section 19605.71—and, and Section 19605.72,~~ for
29 thoroughbred and fair meetings only, from the amount that would
30 normally be available for commissions and purses, an amount
31 ~~equal to 0.4~~ *not to exceed 0.25* percent of the total amount handled
32 by each satellite wagering facility shall be distributed to the
33 statewide marketing organization formed pursuant to subdivision
34 (a) ~~for the promotion of thoroughbred and fair horse racing and to~~
35 ~~defray the cost of workers' compensation coverage for stable~~
36 ~~employees and jockeys of thoroughbred trainers. Not more than~~
37 ~~one-sixth of the total amount available annually pursuant to this~~
38 ~~subdivision shall be used to defray the cost of workers'~~
39 ~~compensation insurance; purposes set forth therein. The amounts~~
40 *initially distributed to the marketing organization formed pursuant*

to subdivision (a) shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the marketing organization may be adjusted by the board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. The marketing organization, on a quarterly basis, shall ~~semiannually~~ submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous ~~six~~ three months.

(d) This section shall remain in effect only until January 1, 2014, and, as of that date, is repealed, unless a later enacted statute that is enacted before January 1, 2014, deletes or extends that date. Any moneys held by the organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Section 19608.2, for purposes of that section.

SEC. 2. Section 19642.1 is added to the Business and Professions Code, to read:

19642.1. In addition to the distributions specified in Sections 19605.7, 19605.71, and 19605.72, from the amounts that would normally be available for commissions and purses from wagering on all breeds, an amount not to exceed 0.05 percent of the total amount handled by each satellite wagering facility shall be distributed to the nonprofit organization designated by the board for purposes of maintaining a database of horseracing information to further the purposes of Section 19444. The amount distributable to the nonprofit organization may be adjusted by the board, in its discretion. The nonprofit organization shall annually submit its

- 1 *budget for the ensuing calendar year to the board at its November*
- 2 *meeting and shall file quarterly financial statements with the board.*

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